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MANUFACTURING AND TRADE INVENTORIES AND SALES - AUGUST 1971

Manufacturing and trade firms added \$675 million to their stocks in August, compared with \$310 million in July (revised), the Commerce Department's Office of Business Economics announced today.

All of the increase was reported by retailers, whose stocks rose \$690 million during the month. Manufacturers' and wholesalers' stocks were virtually unchanged. Automotive retailers, who have been increasing their stocks steadily since last November, added \$640 million in August.

All figures in the text of this report are adjusted for seasonal variations but not for price changes.

Trade stocks

Durable goods retailers added \$570 million to their stocks in August. In addition to the substantial increase in auto stocks, a small increase in holdings was reported by furniture-appliance stores. These increases were partly offset by declines at lumber-building-hardware and "other durable goods" stores.

Nondurable goods retailers added \$115 million to their inventories during the month, with most lines of business reporting increases. Food stores reported a slight inventory decline, and apparel stores reported their stocks unchanged from July.

Merchant wholesalers reported minor inventory changes from July to August in both durable and nondurable goods.

Manufacturing stocks

Durable goods manufacturers cut their inventories \$60 million in August. So far this year, durable goods manufacturers have reduced stocks by \$522 million, compared with stock additions of \$1.8 billion in the first 8 months of 1970. The composition of the August decline was quite different

[Over]

from that in July and the second quarter. It was concentrated in purchased materials stocks which had grown substantially in preceding months; there were partly offsetting increases in work-in-process and finished goods stocks, which producers had been cutting since early this year. Transportation equipment firms accounted for most of the shift to reduction in stocks of materials and supplies. In total, transportation equipment firms' stocks were reduced \$200 million. Machinery firms cut their stocks \$100 million. Primary metals firms added \$140 million to their stocks in August.

Nondurable goods producers added \$45 million to their stocks in August in contrast to a drop of \$210 million in July. Increases in petroleum and "other nondurable goods" stocks outweighed small declines in other industries. Nondurable goods companies' materials and supplies stocks rose \$90 million in August, but work-in-process and finished goods holdings slipped slightly.

Sales movements

Manufacturers' sales declined 1-1/2 percent in August, equaling the decrease in July. The August decline was almost entirely attributable to lower steel shipments, while in July sales declines were widespread among the durable goods industries. Sales of nondurables were relatively stable in both months.

Sales by merchant wholesalers in August remained close to their July rate, as an increase of 1 percent in durables balanced a 1 percent decline in nondurables.

Preliminary August and final July estimates of retail sales are not available at this time. The Bureau of the Census is currently revising the basic sample used to derive the monthly estimates of retail sales.

Manufacturers' sales and orders

Sales of durable goods manufacturers dropped 2 percent in August, mostly reflecting a 50-percent cut in steel shipments. Steel shipments had peaked in July, after rising steadily since the fall of 1970 as steel users hedged against a possible strike. There were sales increases for most other industries.

Sales of nondurable goods slipped nominally for the third successive month, with declines reported by food, tobacco, chemicals and petroleum firms more than offsetting increases for other industries.

Manufacturers' new orders slipped one-half of 1 percent in August from the record reached in July. New orders received by durable goods producers fell almost 1 percent while nondurable goods firms recorded a drop of less than one-half of 1 percent. Steel orders declined 21 percent in August; at \$1.6 billion, incoming orders were at the lowest level since August 1968. Producers of aircraft and parts and of electrical machinery also reported substantial declines in new orders. Increases in orders were reported for fabricated metals and nonelectrical machinery.

In August, new orders exceeded sales for the first time in 6 months, bringing the total backlog on manufacturers' books to \$77.9 billion, up \$300 million from July.

This slight rise, following 5 months of decline, was due mostly to an increase of \$200 million in unfilled orders for steel. July's \$2.3 billion in backlogs for steel was the lowest since March 1964. Changes for other industries were relatively small.

Because sales declined in August while orders were practically unchanged, the ratio of orders to sales rose from 2.22 months of sales in July to 2.26 months in August. In August 1970, orders were equal to 2.46 months of sales.

Additional data appear in the statistical pages of the Survey of Current Business, the monthly magazine of the Office of Business Economics.

The Survey is available from field offices of the Department of Commerce, or from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, at an annual subscription price of \$9, including weekly supplements; single copy, \$1.

Details of sales and inventories are given in the accompanying table.

TABLE 1.--TOTAL MANUFACTURING AND TRADE
(Billions of dollars)

	Unadjusted			Seasonally adjusted			First 8 months	
	1970	1971		1971			1970	1971
	Aug	July ^r	Aug ^p	June	July ^r	Aug ^p		
<u>SALES</u>								
TOTAL.....	104.73	N.A.	N.A.	115.01	N.A.	N.A.	844.98	N.A.
Manufacturing.....	53.70	53.48	55.99	58.99	58.18	57.39	438.54	461.09
Durable.....	28.24	28.48	29.51	32.65	31.89	31.18	238.00	251.51
Nondurable.....	25.46	24.99	26.48	26.34	26.30	26.22	200.54	209.58
Retail.....	30.40	N.A.	N.A.	33.31	N.A.	N.A.	242.42	N.A.
Durable.....	9.23	N.A.	N.A.	10.52	N.A.	N.A.	74.22	N.A.
Nondurable.....	21.18	N.A.	N.A.	22.79	N.A.	N.A.	168.19	N.A.
Merchant wholesalers..	20.62	22.37	23.15	22.72	22.62	22.60	164.02	176.63
Durable.....	9.44	10.38	10.79	10.51	10.37	10.47	74.60	80.21
Nondurable.....	11.19	11.98	12.36	12.21	12.26	12.13	89.42	96.43
<u>INVENTORIES</u>								
TOTAL.....	168.25	174.66	174.15	175.25	175.56	176.24		
Manufacturing.....	99.03	99.83	99.87	100.54	100.19	100.18		
Durable.....	64.82	64.48	64.53	64.82	64.69	64.63		
Nondurable.....	34.21	35.34	35.24	35.71	35.50	35.55		
Retail.....	43.93	47.23	46.62	47.38	47.50	48.19		
Durable.....	18.68	21.14	19.98	20.82	20.88	21.45		
Nondurable.....	25.24	26.09	26.64	26.57	26.62	26.74		
Merchant wholesalers..	25.30	27.61	27.66	27.33	27.87	27.87		
Durable.....	15.25	16.69	16.68	16.20	16.58	16.56		
Nondurable.....	10.05	10.92	10.98	11.14	11.29	11.31		

TABLE 2.--RETAIL INVENTORIES
(Billions of dollars)

<u>KIND OF BUSINESS</u>							
TOTAL.....	43.93	47.23	46.62	47.38	47.50	48.19	
Durable.....	18.68	21.14	19.98	20.82	20.88	21.45	
Automotive.....	8.57	10.87	9.71	10.51	10.56	11.20	
Furniture-appliance.	3.00	2.97	2.99	3.00	2.98	3.00	
Lumber-hardware.....	2.52	2.74	2.67	2.75	2.75	2.69	
Nondurable.....	25.24	26.09	26.64	26.57	26.62	26.74	
Apparel.....	4.68	4.60	4.84	4.75	4.75	4.75	
Food.....	4.66	5.08	5.05	5.10	5.15	5.14	
General merchandise.	10.25	10.68	10.93	10.95	10.89	10.95	
Department stores.	5.94	6.10	6.24	6.31	6.25	6.26	

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